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Levelling the Playing Field for International Trade

by Henry F. Heald



Clothing factory, Quito, Ecuador

Greater progress in developing countries toward democratic governance, coupled with improvements in economic and social conditions, may be more effective in levelling the playing field for international trade than trying to establish global "rules of good behaviour" for environmental and social standards, according to panellists at an IDRC development forum.

The freedom to organize unions and to bargain collectively may do more to improve working conditions in developing countries and, in turn, level the playing field for trade, than setting such standards as an international minimum wage, said speakers from government, labour, academia, private industry, and the United Nations.

For example, a goal such as better working conditions may be better met by improving water and sanitation services than by applying trade sanctions. Similarly, creating incentives to send children to school may be a better way to keep them out of factories than stopping trade with countries that permit child labour.

A centuries-old idea

In opening the forum, IDRC President Keith Bezanson, recounted that the 18th-century economist David Ricardo had been among the first to advocate a level playing field based on balance among trading partners, equitable labour costs, and full employment. For Bezanson, the challenge today is to fashion

policies that level the playing field before countries become embroiled in trade disputes.

Forum moderator [Dr Gerald Helleiner](#), of the University of Toronto, noted that the Uruguay Round negotiations of the General Agreement on Tariffs and Trade, which launched the World Trade Organization (WTO), had initiated a new era in international trade, one that is intended to minimize trade disputes.

The core principles of the WTO state that national trade policies must be transparent, predictable, and non-discriminatory, and that trade disputes must be settled on a multilateral basis. In theory, a global trade order based on these principles levels the trade playing field and gives developing countries more opportunity to increase their incomes and living standards through greater trade with the North.

From whose perspective?

But which way is the playing field actually tilted? The answer appears to depend upon whether one views it from a Northern or a Southern perspective. From the North, some constituencies consider low wages, child labour, meagre social benefits, and weak environmental standards in developing countries to constitute an unfair trading advantage. The view from the South, however, is that powerful countries and large industries will dominate trade, preventing poorer countries from competing on a level playing field.

[Dr Steve Benedict](#), national director of international affairs for the Canadian Labour Congress, recommends that international trade agreements contain a "social clause" guaranteeing freedom of association, free collective bargaining, freedom from discrimination, and the elimination of forced and child labour -- with a built-in mechanism for enforcement.

According to Benedict, the labour movement is not asking for an international minimum wage because it would be difficult to negotiate and impossible to monitor. He added that countries must be allowed to set wage standards that reflect local economic conditions. What is required, however, is a basic floor of labour rights: if unions are granted collective bargaining rights, they can negotiate a minimum wage for their country, argued Benedict.

Mobility of capital

One problem facing labour today is that investment capital flows freely around the world and repression of labour unions attracts investment, said Benedict. "For example, if Malaysia improves working conditions, investment will flow to Indonesia. If Indonesia improves conditions, it will flow to China."

A social clause may help to counter these capital flows because strong labour unions create a good market for domestic products, said Benedict.

[Jerry Kramer](#), Director of the Economic and Social Development Division in Canada's Department of Foreign Affairs and International Trade, said a recent poll shows that Canadians support linking trade and human rights. "Canadians are prepared to pay more for goods that have been made without child labour and human rights abuses."

In a similar vein, Steve Benedict said companies are wrong to say that they cannot tell a foreign government that it must improve its labour codes. "It is a question of Canadian values. It is not acceptable to have goods sold in Canada that are produced under slave labour conditions."

Raising standards

According to Kramer, Canada is taking steps to advance higher standards including strengthening the International Labour Organization (ILO), a convention to define exploitation of children, and an

international agreement on the conduct of investors. Canadian aid agencies are working with national institutions in the developing countries to build in environmental and other standards. He said the ILO will help countries improve their labour standards on the condition that deadlines be met for applying the new standards.

In Kramer's view, critics must decide what the problem is when they accuse companies like Nike shoes of using unethical methods in developing countries. "Is the problem child labour, refusal to allow workers to unionize, or low wages? If we are going to take measures against abuses, we have to know what the rules are."

Henry F. Heald is an Ottawa-based writer.

Sidebar

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Resource Persons

Dr Steve Benedict, National Director, International Affairs Department, Canadian Labour Congress, 2841 Riverside Drive Ottawa, ON K1V 8X7. Tel: 613 521 3400 ext. 433. Fax: 613 521 3113

Dr. Jerry Kramer, Director, Economic and Social Development Division, Department of Foreign Affairs and International Trade, Lester B. Pearson Building, 125 Sussex Drive, Ottawa ON K1A 0G2. Tel: 613 992 3979

Dr. Gerald K. Helleiner, Department of Economics, University of Toronto, 150 St. George Street, Toronto ON M5S 1A1. Tel: 416 978 5063. Fax: 416 978 6713.

Dr. Claudia Schatan, Economic Affairs Officer, CEPAL-Mexico, Avenida Presidente Masaryk 29, Apartado Postal 6-718, 06600 Mexico DF. Tel: 525 250 1256 or 250 1231. Fax: 525 531 1151

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Trade and Environment in Mexico

The North American Free Trade Agreement (NAFTA) has at least raised the profile of environmental issues within Mexico, according to Claudia Schatan, economic affairs officer for the Economic Commission for Latin America and the Caribbean.

Before NAFTA, she said, the environment was not a topic for discussion in Mexico. Then, in 1988, Mexico passed a sophisticated environmental law, she said. But in the current severe economic depression it was perceived as an obstacle to growth. The law is being changed to give industry a greater role in adopting pollution controls. She said it was too early to tell how effective the law will be.

Schatan pointed out that only a few developing countries have experienced real growth. Most are still exporting their raw resources and depleting the very source of their potential wealth. She cited Costa Rica, which has depleted its forest cover to put more land in agriculture for export crops. The result is a loss in soil fertility.

Trade advantages gained from loose environmental standards are being lost, but Schatan warned against using trade sanctions to force developing countries to adopt environmental standards. Cooperation is the best way to win compliance, she argued.



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ECUADOR: HEALTH AND THE WORKING WOMAN

by Neale MacMillan

The three-hour trip from Quito to Sigchos in Ecuador's Andean highlands winds along steep, narrow gorges, down green slopes and through hillside pastures and crops. Dr Patricia Costales has travelled this bumpy road often over the past two years. Her colleagues at the Health Research and Consultancy Centre (CEAS) Drs Jaime Breilh and Arturo Campa accompany her on many of these trips to meet the women of this mestizo farming community of some 2,000 families.

The CEAS team has also been travelling closer to its base in Quito to meet two other groups of women: administrative workers in government offices and textile factory workers. Despite the different work environments, all of these women find their health affected by conditions peculiar to their gender. They all face heavy domestic duties on top of daytime occupations and experience significant social inequities compared with men.

In a project supported by IDRC, CEAS set out to analyze the most important factors associated with gender, lifestyle and working conditions that determine the health status of working women.

The CEAS team surveyed 270 women office workers. In rural areas, CEAS surveyed another 270 women, comparing those in Sigchos with those in a community of the tropical forest region of eastern Ecuador.

The team surveyed 315 women in the textile and garment industry, which relies on a predominantly female workforce. But project leader Jaime Breilh said they had to approach dozens of medium-sized factories before finding nine owners willing to participate. Their factories are like feudal castles entrance inside is very difficult.

The CEAS researchers followed a model of participatory research in which the women assisted in administering questionnaires about their living and working conditions, health problems, and access to health care. They also employed interviews, observation, research on family conditions, tests for fatigue and stress, and blood analysis.

Decaying workplace in public sector

A visit to offices at the ministry of health revealed a building from the 1960s with inadequate lighting and overcrowded offices, and poorly maintained furniture. The floors and carpets are deteriorating and cleaning is infrequent.

Adriana Insuasti, president of the secretaries association, said that only a few months ago there were 115 women employees. But because of government downsizing, we are now only 40, with triple the workload, she said.

We have found massive levels of stress in the office environment, said Arturo Campa as.

On top of a poor working environment, the women office employees perform virtually all household tasks without any help from husbands. The health impact is seen not only in stress but in related mental health problems, anemia and increased menstruation.

In the garment factories a high correlation was found between stress level and length of service. At a morning meeting with women workers in the factory cafeteria, a woman complained that constant pressure from female supervisors to increase production was one source of stress. There is no communication between workers and supervisors. They make us nervous, they get on your nerves, she said.

Other health impacts for the garment workers are felt in back, leg, neck and arm pain from hours of sitting at machinery, and respiratory problems from high concentrations of dust and fluff from textiles and thread.

Is noise a problem? Jaime Breilh asked the women in the cafeteria. Yes! came the resounding response.

The home environment for these workers is characterized by inadequate incomes, poor quality food in small quantities and overcrowded living space. For the most part, the women carry out all cleaning, meal preparation and child care. The husbands dominate household decision-making.

Rural women farmers

In recent years in Ecuador, women in farming communities such as Sigchos have taken on bigger roles in agricultural production and community labour. Many men now work for long periods at paid employment elsewhere. Therefore, the women work an average of 14-16 hours daily.

These women suffer problems of the spine, of respiratory and reproductive organs, hernias, bruises, and wounds. Generally speaking, they are poorly educated. About three-quarters of them live in conditions of extreme overcrowding, without basic household sanitation. Their diet is too heavy in carbohydrates and too short on proteins and vitamins. By and large, the men receive more and better food.

Among the most significant findings was the discovery that 40% of women have high levels of toxins in their blood. The chemicals (pesticides and fertilizers) used in agriculture get into the blood through breathing and through the skin, said Dr Patricia Costales. They cause cancer, miscarriages, kidney problems and headaches. Costales lists other health problems in Sigchos: high infant mortality and high maternal mortality. Uterine cancer is very common, as is physical abuse from husbands.

During the course of the study, women's attitudes changed from relying on medical attention to cure their ills to an emphasis on organizing for prevention. This shift was evident in the comment of Esther Jacome, president of the women's group, during a meeting with the CEAS team and Sister Inmaculada Castro, a nun from Spain who lives in Sigchos and represents an influential community institution: the Catholic Church. Sanitary conditions are the most important thing, Jacome said. Dr Patricia stimulated us, but we have to continue organizing ourselves.

Another woman spoke about her newfound awareness of health risks. We didn't know that clothes had to be washed to get rid of agricultural chemicals if we had been using pesticides, she said.

Unfortunately, doctors who periodically staff the local health post charge a lot for many services although they are not supposed to be charging at all, said Costales. There is no community control.

For Costales, the only means for improvement is to increase the women's ability to practice self-management of their health and press doctors to consider not just symptoms of ill health but conditions of work, family life and the social environment.

CEAS will offer its results to the government so that it can formulate health and social policies that better

address the real burdens on women's lives. The CEAS team also believes good use can be made of its research by two national women's organizations who participated in the study. In addition, CEAS intends to encourage the women themselves to improve their health conditions, aided by a women's health network that it plans to initiate and manuals it is developing in collaboration with the study participants, tailored to the three workplaces.

For more information contact:

Dr Jaime Breilh
Centro de estudios y asesoria en salud (CEAS)
Roca 549, Depto. 602, Quito, Ecuador
Tel: 593.2.506.175; Fax: 593.2.566.714; E-mail: jbreilh@ceas.med.ec

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